

Message Text

SECRET

PAGE 01 REYKJA 00873 01 OF 02 251937Z

67

ACTION EUR-25

INFO OCT-01 ADP-00 IO-13 CIAE-00 PM-07 INR-10 L-03 NEA-10

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S E C R E T SECTION 1 OF 2 REYKJAVIK 0873

FROM BARRINGER FOR AMB HILL, ASD (IDA)

E.O. 11652: GDS

TAGS: MARR PBOR IC UK NATO

SUBJECT: RETENTION OF US FORCES IN ICELAND

1. THIS MSG SUMMARIZES HIGHLIGHTS OF FOURTEEN MTGS WITH SELECTED KEY ICELANDIC OFFICIALS AND LEADERS ARRANGED BY AMB IRVING THIS WEEK IN ORDER TO REVIEW THEIR ATTITUDES WITH RESPECT TO RETENTION OF US FORCES AT KEVLAVIK BASE (DESIGNATED AS ICELANDIC DEFENSE FORCE, OR IDF), AND REGARDING ICELANDIC MEMBERSHIP IN NATO. ALTHOUGH ICELANDERS INTERVIEWED REPRESENT MANY DIVERGENT POLITICAL VIEWPOINTS, SEVERAL CENTRAL THREADS RECURRED THROUGHOUT THESE DISCUSSIONS.

2. OF OVERRIDING IMPORTANCE IN MINDS OF ALL KEY OFFICIALS, AND
SECRET

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PAGE 02 REYKJA 00873 01 OF 02 251937Z

ON PART OF ICELANDIC PUBLIC GENERALLY, IS DISPUTE WITH UK OVER

FISHING LIMITS. ALTHOUGH PERCEPTIVE OPPOSITION LEADERS RECOGNIZE THAT THERE IS NO LOGICAL CONNECTION BETWEEN FISHERIES DISPUTE AND IDF, THE TWO HAVE BECOME EMOTIONALLY INTERTWINED, WITH RESULT THAT ICELANDERS PUT BLAME ON US FOR HAVING FAILED TO PERSUADE UK TO WITHDRAW ITS NAVAL CRAFT BEYOND 50-MILE ZONE NOW ASSERTED BY ICELAND. IDF WAS AT HIGH POINT OF POPULAR ESTEEM LAST WINTER AS RESULT ITS ASSISTANCE IN EVACUATION OF WESTMANN ISLANDERS, BUT THIS FAVORABLE ATTITUDE GREATLY DETERIORATED WHEN UK INTERVENED MILITARILY IN MID-JUNE. THAT INTERVENTION HAS EXACERBATED FEELINGS OF ICELANDIC PUBLIC WITH RESPECT TO BASE QUESTION, AND POLITICAL LEADERS FEEL THEY MUST RESPOND ACCORDINGLY.

3. ALTHOUGH WITHDRAWAL OF IDF WAS NOT A CAMPAIGN ISSUE DURING 1971 ELECTIONS, IT BECAME A FIRM PRE-CONDITION TO SUBSEQUENT FORMATION OF PRESENT GOVT, COMPRISING PROGRESSIVES, PEOPLE'S ALLIANCE (COMMUNIST), AND LIBERALS AND LEFTISTS. RECENT STATEMENTS BY PRIMIN JOHANNESSON AND FONMIN AGUSTSSON HAVE MADE IT CLEAR THAT PROGRESSIVE PARTY NO LONGER INSISTS ON WITHDRAWAL BY END OF TERM OF THIS GOVT IN 1975. HOWEVER, PARTY IS FIRMLY CONVINCED THAT IT MUST FULFILL 1971 PLATFORM PLEDGE BY SEEKING MEANINGFUL MODIFICATION OF 1951 AGREEMENT DURING SIX MONTHS FOLLOWING INVOCATION OF ART VII ON JUNE 25. THERE WAS PREVIOUSLY SOME HOPE THAT CONSIDERATION OF ECONOMIC ISSUES IN ALTHING WOULD TAKE PLACE EARLY THIS FALL, PRIOR TO CONSIDERATION OF IDF MATTER. HOWEVER, IT NOW APPEARS LIKELY THAT THESE ECONOMIC QUESTIONS (WAGE AND POSSIBLE TAX INCREASES TO COVER ANTICIPATED GOVERNMENTAL DEFICITS) WILL NOT ARISE UNTIL ABOUT NOVEMBER. WE CAN THEREFORE PLACE NO RELIANCE ON POSSIBILITY THAT ECONOMIC ISSUES MIGHT BRING ABOUT FALL OF PRESENT GOVT, PARTICULARLY WHILE WORLD FISH PRICES REMAIN AT SUCH HIGH LEVELS THAT ICELANDIC FISH FIND READY MARKETS, AND ECONOMY IS PROSPERING AS A RESULT.

4. ICELANDERS GENEALLY, AND GOVERNING PROGRESSIVE PARTY LEADERS IN PARTICULAR, CONSIDER THAT "NATO" SHOULD HAVE SIDED WITH ICELAND IN ITS DISPUTE WITH UK, EVEN THOUGH LATTER IS ALSO NATO MEMER. FAILING ANY ACTION BY NATO, THE US SHOULD AT LEAST PUT PRESSURE ON THE BRITISH TO SETTLE THIS QUARREL, WHICH INVOLVES TWO OF ITS ALLIES AND THREATENS RETENTION

SECRET

SECRET

PAGE 03 REYKJA 00873 01 OF 02 251937Z

OF THE IDF. ACCORDINGLY, SOME CONSIDERATION IS BEING GIVEN TO POSSIBILITY OF ICELANDIC WITHDRAWAL FROM NATO, BUT PUBLIC ATTENTION IS PRIMARILY BEING FOCUSED UPON IDF AT PRESENT TIME.

5. IN VIEW OF MANY PROGRESSIVES, DETENTE HAS SET IN BETWEEN US AND USSR, WITH RESULT THAT BASE IS NO LONGER NEEDED IN PRESENT FORM. TO EXTENT THAT SURVEILLANCE OF SOVIET NAVAL

AND AIR MOVEMENT IS REQUIRED, IT COULD BE ACCOMPLISHED BY TRAINED ICELANDIC PERSONNEL. FACILITIES WOULD THEN BE "MAINTAINED BY NATO" AND REMAIN AVAILABLE FOR NATO USE IN EMERGENCY. AS IN 1949-51 PERIOD, ICELAND WOULD THEN REMAIN IN NATO, BUT WITHOUT MILITARY FORCES ON ITS SOIL; THIS WAS BASIS OF ORIGINAL ICELANDIC DECISION TO JOIN NATO.

6. WITHIN FOREGOING CONTEXT, PROGRESSIVE PARTY LEADERS HAVE MADE IT CLEAR THAT THERE MUST BE A SUBSTANTIAL REDUCTION IN NUMBERS OF MILITARY PERSONNEL IN IDF ITSELF. KEY POINT HERE IS THAT IN ABSENCE DETAILED KNOWLEDGE OF FUNCTIONS PERFORMED BY IDF, PUBLIC OPINION AND PARTY LEADERS THEREFORE CONCENTRATE UPON NUMBERS AS ONLY WAY IN WHICH THEY CAN INFLUENCE BASE ACTIVITIES AND SO EXERCISE ICELANDIC SOVEREIGNTY. IN MTG WITH FONMIN AGUSTSSON, HE REITERATED POINT PREVIOUSLY MADE TO AMB IRVING THAT GOI WOULD NOT TAKE FORMAL REQUEST FOR SUCH REDUCTION. ANY FORMAL REQUEST BY GOVT WOULD BE FOR COMPLETE WITHDRAWAL, A STEP HE WOULD PREFER NOT TO TAKE. IN LIGHT THIS CONSIDERATION, AND IN VIEW FACT THAT ICELAND TOOK INITIATIVE IN INVOKING ART VII, USG SHOULD NOW COME FORWARD WITH PACKAGE PROPOSAL WHICH AGUSTSSON IN TURN CAN SELL TO OTHER MEMBERS OF COALITION GOVT, INCLUDING PEOPLE'S ALLIANCE. ESSENTIAL COMPONENT OF SUCH A PACKAGE WOULD BE REDUCTION OF MILITARY PERSONNEL BY ABOUT ONE-THIRD, OR 1,000 SERVICEMEN, AND THEIR REPLACEMENT BY CIVILIANS IN ANY POSITIONS CONSIDERED ESSENTIAL. GOI WILL NOT SUGGEST MANNER IN WHICH THIS MIGHT BE DONE, OR ANY SPECIFIC FUNCTIONS TO BE ELIMINATED, BUT IT IS CLEAR THAT THEY ARE LOOKING FOR REDUCTION TO BE IMPLEMENTED BY END OF GOVT TERM IN JUNE 1975. MILITARY PERSONNEL OR UNITS FROM OTHER NATO COUNTRIES WOULD NOT BE ACCEPTABLE SUBSTITUTE FOR US FORCES; GOI'S POLITICAL PROBLEM ARISES FROM MILITARY NATURE OF THE FORCES, NOT BECAUSE THEY ARE FROM THE US.

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SECRET

SECRET

PAGE 04 REYKJA 00873 01 OF 02 251937Z

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SECRET

PAGE 01 REYKJA 00873 02 OF 02 251944Z

67

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S E C R E T SECTION 2 OF 2 REYKJAVIK 0873

7. IN RESPONSE TO FOREGOING PITCH BY FONMIN AND OTHER PROGRESSIVE PARTY OFFICIALS, WE EMPHASIZED INABILITY OF DEFENSE FORCE, IN ABSENCE ANY ICELANDIC OFFICIAL SECRETS ACT AND SECURITY SCREENING PROCEDURES, TO HIRE ICELANDIC PERSONNEL FOR ANY POSITIONS INVOLVING ACCESS TO SENSITIVE OR CLASSIFIED INFORMATION. RECOGNIZING THIS ASPECT, PROGRESSIVES ARE FULLY WILLING TO ACCEPT US CIVILIAN PERSONNEL FOR TIME BEING, PROVIDED THAT AS MANY AS POSSIBLE WILL EVENTUALLY BE REPLACED BY ICELANDERS WHEN LATTER ARE TECHNICALLY QUALIFIED, AND WHEN SOME SECURITY SCREENING PROCEDURES MIGHT BE ESTABLISHED BY GOI. ICELANDERS MADE NO COMMITMENT TO UNDERTAKE ESTABLISHMENT OF LATTER PROCESS, BUT INDICATED WILLINGNESS TO CONSIDER MATTER IF IT SHOULD BE PUT FORWARD ON US SIDE.

8. MOST OFFICIALS, INCLUDING EVEN OPPOSITION INDEPENDENCE (CONSERVATIVE) PARTY LEADERS, REFERRED TO CONTINUING PROBLEM
SECRET

SECRET

PAGE 02 REYKJA 00873 02 OF 02 251944Z

CAUSED BY INTERMINGLING OF MILITARY BASE ACTIVITIES WITH INTERNATIONAL CIVIL AIR TRAFFIC AT KEFLAVIK. SPECIFIC PROPOSAL FOR THEIR SEPARATION WOULD THEREFORE BE ANOTHER ESSENTIAL COMPONENT OF US NEGOTIATING PACKAGE. GOI HAS COMPLETED FEASIBILITY STUDY FOR CONSTRUCTION OF NEW CIVIL AIR TERMINAL ON OPPOSITE SIDE OF FIELD, AND US PACKAGE COULD THEREFORE INCLUDE ARRANGEMENTS FOR IMPLEMENTING TENTATIVE AGREEMENT ON THIS SUBJECT REACHED LAST YEAR BETWEEN IDF AND FOREIGN MINISTRY. LATTER AGREEMENT INVOLVES US CONSTRUCTION OF NEW ACCESS

ROAD, WITH GOI FUNDING NEW TERMINAL.

9. WITHOUT EXCEPTION, ICELANDIC OFFICIALS STATED THAT COOPERATION BETWEEN IDF AND ICELANDIC AUTHORITIES OR LOCAL COMMUNITIES HAS BEEN EXCELLENT, AND THEY HAVE NO COMPLAINTS ON THIS SCORE. PETUR SIGURDSSON, DIRECTOR OF ICELANDIC COAST GUARD, ALSO CONFIRMED THIS POINT WITH RESPECT TO RELATIONS BETWEEN IDF AND HIS AGENCY. HE FEELS, HOWEVER, THAT THERE IS A SIGNIFICANT GAP WITH RESPECT TO CLOSE-IN SURVEILLANCE, WHICH ICELANDIC COAST GUARD PRESENTLY LACKS CAPABILITY TO HANDLE. SIGURDSSON CONTEMPLATES ESTABLISHMENT OF SEVERAL NEW STATIONS AROUND ICELANDIC COASTLINE FOR THIS PURPOSE, WHICH WOULD BENEFIT GREATLY THROUGH PROVISION OF APPROPRIATE US-BUILT AIRCRAFT (PARTICULARLY BEECHCRAFT OR CESSNA) AND NECESSARY COMMUNICATIONS EQUIPMENT. HE STATED COAST GUARD NOT INTERESTED IN SURFACE CRAFT, HOWEVER.

10. PAST THREE DAYS OF DISCUSSIONS HERE INDICATE CLEARLY THAT WE CAN NEGOTIATE SUCCESSFULLY FOR RETENTION OF IDF ONLY ON BASIS OF PROPOSAL GENERALLY ALONG FOREGOING LINES, WHOSE CENTRAL COMPONENT IS SIGNIFICANT REDUCTION OF PRESENT MILITARY MANPOWER. ADDITIONAL REREQUISITE WOULD BE WITHDRAWAL OF UK NAVAL SUPPORT OF BRITISH FISHING OPERATIONS IN AREAS WHICH ICELANDERS CONSIDER TO BE WITHIN THEIR TERRITORIAL WATERS. PERCEPTIVE INDEPENDENCE PARTY OPPOSITION LEADERS RECOGNIZE THAT COMMUNIST MINISTERS JOSEFSSON AND KJARTANSSON ARE EXPLOITING FISHING DISPUTE IN ORDER TO BRING ABOUT TOTAL WITHDRAWAL OF IDF AND LET ICELAND BECOME ANOTHER CUBA OR CHILE. INDEPENDENCE PARTY LEADERS ALSO POINT OUT THAT WE MUST NECESSARILY DEAL WITH A WEAK FONMIN, WHO IS ENGAGED IN PERPETUAL BALANCING ACT BETWEEN HIS OWN PARTY AND COMMUNIST-DOMINATED PEOPLE'S ALLIANCE. WE THEREFORE RUN SOME RISK THAT FONMIN

SECRET

SECRET

PAGE 03 REYKJA 00873 02 OF 02 251944Z

MAY NOT BE ABLE TO PILOT SUCH A PACKAGE PROPOSAL THROUGH ALTHING IF COMMUNIST MEMBERS WITHDRAW THEIR SUPPORT AND GOVT FALLS OVER THIS ISSUE. IN THAT EVENT, HOWEVER, PACKAGE PROPOSAL WOULD STILL STAND REASONABLE CHANCE OF PASSAGE BY A SUCCESSOR GOVT.

11. ALTERNATIVE OF SEEKING SIMPLE CONTINUATION OF STATUS QUO WOULD BE OPPOSED BY PRESENT GOVT COALITION IN ALTHING, AND ALMOST CERTAINLY LEAD TO ADVERSE VOTE REQUIRING TOTAL IDF WITHDRAWAL. GIVEN SOME IMPROVEMENT IN FISHING DISPUTE AND PACKAGE PROPOSAL CONCERNING IDF WHICH GOVT COALITION CAN PRESENT IN "FACE-SAVING" LIGHT, CHANCES OF FAVORABLE VOTE WOULD APPEAR REASONABLE, SINCE UNDER THESE CIRCUMSTANCES OPPONENTS WOULD BE COMMUNIST-DOMINATED PEOPLE'S ALLIANCE AND PERHAPS ORGANIZATION OF LIBERALS AND LEFTISTS, TOGETHER WITH INDIVIDUAL PROGRESSIVES OR OPPOSITION SOCIAL DEMOCRATS WHO ON IDF ISSUE

WOULD NOT SUPPORT GOVT PROPOSAL.

12. AS A MATTER OF TACTICS, IT WOULD BE VERY DESIRABLE TO DELAY ANY PRESENTATION OF US PACKAGE ON IDF RETENTION UNTIL AFTER NATO REPORT HAS BEEN RECEIVED, HOPEFULLY DURING SEPTEMBER. THIS SEQUENCE WOULD ENABLE GOVT TO CONSIDER IDF ISSUE IN LIGHT OF ITS BROADER NATO IMPLICATIONS.

13. AMB IRVING AND COMICEDEFOR CONCUR WITH FOREGOING ASSESSMENT, WHICH IS BEING SENT TELEGRAPHICALLY IN ORDER TO BE AVAILABLE FOR INTER-AGENCY MTG ON ICELAND SCHEDULED FOR JULY

27. I WILL OF COURSE FOLLOW IT UP MORE FULLY ON MY RETURN THAT MORNING.

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